

HIGHLAND TOWNSHIP
PUBLIC LIBRARY

FINANCIAL REPORT
December 31, 2005

C O N T E N T S

	Page
INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS	1-2
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)	3-7
BASIC FINANCIAL STATEMENTS	
Governmental Fund Balance Sheet/Statement of Net Assets	8
Statement of Governmental Revenue, Expenditures and	
Changes in Fund Balance/Statement of Activities	9
Notes to financial statements	10-16
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule - General Fund	17
INDIVIDUAL FUND STATEMENTS	
General Fund:	
Statement of revenues	18
Statement of expenditures	19

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name HIGHLAND TOWNSHIP PUBLIC LIBRARY	County OAKLAND
Fiscal Year End DECEMBER 31, 2005	Opinion Date FEBRUARY 14, 2006	Date Audit Report Submitted to State JUNE 20, 2006	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

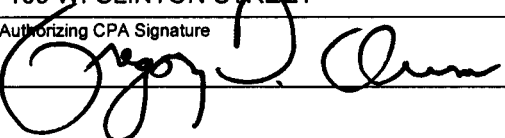
YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input type="checkbox"/>	NO RECOMMENDATIONS WERE CONSIDERED NECESSARY.	
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) BREDERNITZ, WAGNER & CO., P.C.		Telephone Number 517-546-2130	
Street Address 109 W. CLINTON STREET		City HOWELL	State MI
Zip 48843			
Authorizing CPA Signature 	Printed Name GREGORY D. CLUM	License Number 1101014127	

BREDERNITZ, WAGNER & CO., P.C.

Certified Public Accountants

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1

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AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

CONSULTANTS

DAVID L. BREDERNITZ, CPA
HERBERT P. WAGNER, JR., CPA

INDEPENDENT AUDITORS' REPORT

To the Highland Township
Public Library Board
Highland, Michigan

We have audited the accompanying financial statements of the Highland Township Public Library as of and for the year ended December 31, 2005, which collectively, comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Highland Township Public Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Highland Township Public Library as of December 31, 2005, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 3 through 7 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of

the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Highland Township Public Library's basic financial statements. The introductory section and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory section and other supplemental information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Broderick, Wagner & Co., P.C.

Howell, Michigan
February 14, 2006

HIGHLAND TOWNSHIP PUBLIC LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended December 31, 2005 and
December 31, 2004
(Unaudited)

Using this Annual Report

This annual report consists of three parts - *management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include information that presents two different views of the Library.

- The first column of the financial statements includes information on the Library's General Fund under the modified accrual method. These *Fund Financial Statements* focus on the current financial resources and provide a more detailed view about the accountability of the Library's sources and uses of funds.
- The adjustment column of the financial statements represents adjustments necessary to convert the fund financial statements to the government-wide financial statements under the full-accrual method.
- The *Government-Wide Financial Statement* columns provide both *long-term* and *short-term* information about the Library's overall financial status. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Library as a whole and present a longer-term view of the Library's finances. These statements tell how these services were financed in the short term as well as what remain for future spending.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

HIGHLAND TOWNSHIP PUBLIC LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Years Ended December 31, 2005 and
December 31, 2004
(Unaudited)

Condensed Financial Information

The table below shows key financial information in a condensed format:

	<u>December 31,</u> <u>2005</u>	<u>December 31,</u> <u>2004</u>
Current assets	\$2,486,992	2,389,046
Capital assets	465,853	449,095
Total assets	<u>2,952,845</u>	<u>2,838,141</u>
Current liabilities	550,769	529,700
Total liabilities	<u>550,769</u>	<u>529,700</u>
Net assets:		
Invested in capital assets, net of debt	465,853	449,095
Unrestricted	1,936,223	1,859,346
Total net assets	<u>\$2,402,076</u>	<u>2,308,441</u>
Revenue:		
Property taxes	\$ 894,587	864,454
Other	150,763	122,390
Total revenue	<u>1,045,350</u>	<u>986,844</u>
Expenses - Library services	<u>951,715</u>	<u>954,798</u>
Change in net assets	\$ <u>93,635</u>	<u>32,046</u>

HIGHLAND TOWNSHIP PUBLIC LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Years Ended December 31, 2005 and
December 31, 2004
(Unaudited)

The Library as a Whole

- The Library reports net assets of \$2,402,076 and \$2,308,441 on a full accrual basis, as compared to \$1,936,223 and \$1,859,346 on the modified accrual basis of accounting, for the years ended December 31, 2005 and 2004, respectively.
- The Library's primary source of revenue is from property taxes. Total tax collections were \$894,587 and \$864,454 representing 87.7% and 87.6% of total revenue for the years ended December 31, 2005 and 2004, respectively.
- Salaries and fringe benefits are the largest overall expenditure of the Library. This expenditure was \$473,970 and \$458,550, representing 48.94% and 49.98% of the Library's total expenditures for the years ended December 31, 2005 and 2004, respectively.
- Depreciation expense of \$128,280 and \$123,233 represents 13.5% and 12.9% of the Library's total expenses, for the years ended December 31, 2005 and 2004, respectively.
- Total expenditures under the modified accrual method of accounting were \$968,473 and \$917,418 for the years ended December 31, 2005 and 2004, respectively.

The Library's Fund

Our analysis of the Library's General fund is included on pages 8 and 9 in the first column of the respective statements. The fund column provides detailed information about the General fund on a modified accrual basis of accounting, which is a short term perspective measuring the flow of financial resources, - not the Library's operations on a full accrual basis of accounting, which provides a longer term measurement of total economic resources. The Library's only fund is the General Fund.

The fund balance of the General Fund increased \$93,635 and \$32,046 during the years ended December 31, 2005 and 2004, respectively. This represents unspent revenue greater than expenses.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Years Ended December 31, 2005 and
December 31, 2004
(Unaudited)

Library Budgetary Highlights

Over the course of the year, the Library Board amended the budget to take into account events that occurred during the year. Amendments occurred in the General Administration, Maintenance, and Technology appropriations. In addition, a portion of existing Fund Reserve was allocated for expenditure, primarily to fund building improvements and additions to materials collections.

Estimated expenditures for General Administration were adjusted downwards, in line with actual costs. This reduction was due in part to a change in the number of employees covered by the library's health insurance plan and to lower-than-anticipated annual cost increases for personnel and building insurances. Filling of one position was deferred, and there were less expenditures for education and training, dues, and mileage than originally budgeted.

Maintenance services, and Technology cost estimates were increased. Repairs/maintenance and landscape increases were made to more accurately reflect the ongoing cost of building operation and maintenance. Increased expenditures for programming are also reflected in the budget amendments.

Budgeted revenues were amended to reflect a decrease in penal fine revenue, an increase in interest revenue, and increased "other local revenue", or Community Room use fees.

Capital Assets & Debt Administration

At the end of the fiscal year, the Library had approximately \$465,853 invested in building improvements, furniture and equipment, and books and materials. The Library added \$102,403 in new collection items consisting of new books, various audio/visual materials, and enhancement of the music collection. In addition, more than \$27,740 of fund reserve was expended to add to library collections bringing the total 2005 expenditure for library materials to \$130,143 or 13.4 percent of total expenditures.

It should be noted that the library building itself is an asset of the Charter Township of Highland, and therefore, does not appear as an asset of the Library.

The Library carries no long-term debt; debt related to the library building bond is administered by Highland Township (see Notes to Financial Statements 8).

MANAGEMENT'S DISCUSSION AND ANALYSIS (Concluded)
For the Years Ended December 31, 2004
(Unaudited)

Next Year's Budget and Millage Rates

The budget for fiscal year 2006 represents an increase of approximately 1% over the original budget for fiscal year 2005.

The Library's total millage rate of 1.60 mills is rolled back in the coming year to a collection rate of 1.2725 mills. Based on the taxable value of the property in the Library's township, this will generate approximately \$876,000 in tax revenue. Of this amount, approximately \$11,044 is subsequently captured by Highland's Downtown Development Authority.

Property taxes account for 90.6% of budgeted library revenues. Line items have been added to reflect anticipated revenue from payment of building pledges and purchase of engraved entrance pavers.

Most line item expenditures are consistent with previous budget years.

Anticipated major expenditures for fiscal year 2006 include technology upgrades and addition of phase protection for HVAC equipment.

Adjustments to the budget for fiscal year 2006 are anticipated to reflect reduced state aid, improved interest revenue on investments, Community Room use fees revenue, increases in water usage with an expanded sprinkling system, increased programming expenditures, telecommunications network cost increases, and cost increases (utilities, mileage, shipping) due to dramatic increases in oil and gas costs.

Contacting the Library's Management

This financial report is intended to provide our citizens, taxpayers, patrons and donors with a general overview of the Library's finances and to show the Library's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the director, jude halloran, at (248) 887-2218, ext. 110.

HIGHLAND TOWNSHIP PUBLIC LIBRARY
GOVERNMENTAL FUND BALANCE SHEET /
STATEMENT OF NET ASSETS
DECEMBER 31, 2005

	General Fund, Modified Accrual Basis	Adjustments (Note 9)	Statement of Net Assets
Assets			
Cash and investments (Note 3)	\$ 2,004,676	-	2,004,676
Receivables:			
Taxes	440,935	-	440,935
Accrued interest	41,381	-	41,381
Property and equipment (Note 4)	-	465,853	465,853
Total Assets	<u>\$ 2,486,992</u>	<u>465,853</u>	<u>2,952,845</u>
Liabilities			
Accounts payable and accrued liabilities	\$ 38,143	-	38,143
Deferred revenue	512,626	-	512,626
Total Liabilities	<u>550,769</u>	<u>-</u>	<u>550,769</u>
Fund Balance/Net Assets			
Fund balances - Unreserved:			
Designated for:			
Public improvement	525,755	(525,755)	-
Undesignated	1,410,468	(1,410,468)	-
Total Fund Balance	<u>1,936,223</u>	<u>(1,936,223)</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 2,486,992</u>		
Net assets:			
Invested in capital assets, net of debt		465,853	465,853
Unrestricted		1,936,223	1,936,223
Total net assets	<u>\$ 2,402,076</u>	<u>2,402,076</u>	<u>2,402,076</u>

The notes to financial statements are an integral part of this statement.

HIGHLAND TOWNSHIP PUBLIC LIBRARY
STATEMENT OF GOVERNMENTAL REVENUE,
EXPENDITURES, AND CHANGES IN
FUND BALANCE / STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2005

	General Fund, Modified Accrual Basis	Adjustments (Note 9)	Statement of Activities
Revenue			
Property taxes	\$ 894,587	-	894,587
Intergovernmental revenue	44,352	-	44,352
Investment income	68,066	-	68,066
Other revenues	38,345	-	38,345
	<u>1,045,350</u>	<u>-</u>	<u>1,045,350</u>
Total Revenues			
Expenditures			
General administration	529,364	-	529,364
Books, periodicals and audiovisual	97,689	(97,689)	-
Maintenance, supplies and capital outlay	278,782	(47,349)	231,433
Utilities	62,638	-	62,638
Depreciation	-	128,280	128,280
	<u>968,473</u>	<u>(16,758)</u>	<u>951,715</u>
Total Expenditures			
Excess of Revenues Over Expenditures/Change in Net Assets	76,877	16,758	93,635
Fund Balance/Net Assets - Beginning of year	<u>1,859,346</u>	<u>449,095</u>	<u>2,308,441</u>
Fund Balance/Net Assets - End of year	\$ <u>1,936,223</u>	<u>465,853</u>	<u>2,402,076</u>

The notes to financial statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

Note 1. REPORTING ENTITY AND BASIS OF PRESENTATION

Definition of the reporting entity:

The Highland Township Public Library was established for the purpose of providing all residents of Highland Township with access to materials and services for information, education, culture, and recreation. The Library is governed by a six member board of trustees elected at large from Highland Township.

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity", these financial statements present the local unit. There are no component units of the Library. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included.

Basis of presentation:

The financial statements present the fund financial statement on a modified accrual basis with an adjustment to present the statement of net assets and the statement of activities on a full accrual basis.

Fund Financial Statements:

In order to ensure observance of limitations and restrictions placed on the use of the resources available to the Library, the accounts are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds which are maintained in accordance with the activities or objectives specified.

The financial activities of the Library are recorded on one fund as follows:

Governmental Fund:

General Fund: This fund accounts for all financial resources except those provided for in another fund. Revenues are derived primarily from property taxes and penal fines. This fund includes the general operating expenses of the Library.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Highland Township Public Library conform to accounting principles generally accepted in the United State of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies:

Measurement focus/basis of accounting:

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied. The accounting policies of the Highland Township Public Library conform to generally accepted accounting principles as applicable to governmental units.

Governmental Fund

The Governmental Fund Type (General Fund) uses a financial resources measurement and focus and is accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Current expenditures are generally recorded when the fund liability is incurred, if measurable. Exceptions to this general rule include principal and interest on long-term debt, which is recognized when due, and accrued vacation and sick leave, which is recorded when payable from current available financial resources.

Cash and Cash Equivalents:

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with a maturity of three months or less when acquired.

Compensated absences (vacation and sick leave):

Vacation time that is unused at the employee's employment anniversary date does not carry over to the following year. Sick time does carry over to the following year at a limited amount. The amount of sick time at December 31 is immaterial and, therefore, not recorded. The Library has no liability for employee compensated absences.

Current property taxes:

Properties are assessed as of December 31 and the related property taxes become a lien on December 1. These taxes are due

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

on February 14 with the final collection date of February 28 before they are added to the county tax rolls.

Property taxes billed during the month of December will be used to finance the following year's operations. As such, these taxes are recorded as deferred revenue at December 31.

The 2004 State taxable valuation of the Library totaled \$713,622,765 on which ad valorem taxes levied consisted of 1.2757 mills raising \$894,587 for operating purposes after amount withheld for the downtown development authority.

Capital Assets:

Capital assets are defined by the Library as assets with an initial cost of more than \$2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other cost incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Building improvements	20 years
Furniture and equipment	5-20 years
Library books and materials	8 years

Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Budgets and budgetary accounting:

The annual budget is adopted by the Library Board prior to the beginning of the budgetary year. Subsequent amendments are approved by the Library Board. Unexpended appropriations lapse at year end. The Library does not use the encumbrance method of accounting for budgetary purposes. During the current year, the budget was amended in a legally permissible manner.

Formal budgetary integration is employed as a management control device. The budget has been prepared on a modified accrual

NOTES TO FINANCIAL STATEMENTS (Continued)

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

basis, which is in conformity with generally accepted accounting principles.

Note 3. CASH AND CASH INVESTMENTS

At December 31, 2005 the deposits and investments of the Library are classified by Governmental Accounting and Standards Board Statement No. 3 in the following categories:

Bank deposits (checking accounts, money market accounts and certificates of deposit)	\$2,004,428
Petty cash	<u>248</u>
Total	<u>\$2,004,676</u>

DEPOSITS

Deposits are carried at cost. The Library considers highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. The total deposits were reflected in the accounts of the bank (without recognition of checks written, but not yet cleared, or of deposits in transit) at \$2,020,412. Of that amount, \$714,714 was covered by federal depository insurance and \$1,305,698 was uninsured and uncollateralized.

INVESTMENTS

The Library is authorized by Michigan Public Act 20- of 1943 (as amended) to invest surplus monies (of nonpension funds) in U.S. bonds and notes, certain commercial paper, U.S. government repurchase agreements, banker's acceptances, mutual funds and bank investment pools that are composed of authorized investment vehicles. The Library's deposits and investments are in accordance with statutory authority. At December 31, 2005, the Library did not have any investments.

NOTES TO FINANCIAL STATEMENTS (Continued)

Note 4. CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance January 1, 2005	Net Additions (Deletions)	Balance December 31, 2005
Building Improvements	\$ 18,929	19,997	38,926
Computers	188,873	23,510	212,383
Furniture, and equipment	48,353	3,843	52,196
Books and recordings	<u>621,135</u>	<u>28,550</u>	<u>649,685</u>
Total	877,290	75,900	953,190
Accumulated Depreciation	(<u>428,195</u>)	(<u>59,142</u>)	(<u>487,337</u>)
Net Book Value	<u>\$449,095</u>	<u>16,758</u>	<u>465,853</u>

Note 5. BUILDING LEASE

The building in which the Highland Township Public Library is located is leased from Highland Township at \$1 per year. The lease is renewed on an annual basis and is expected to remain constant in the future.

Note 6. RETIREMENT PLANS

The Library provides pension benefits to substantially all of its full-time employees through a defined contribution plan. The plan is administered by Aetna Life Insurance and Annuity Company. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate at the first annual anniversary date of the plan, which is September 1. As established by the Library Board, the Library contributes 6 percent of employees' gross earnings. The Library contributions for each employee are immediately fully vested.

The Library's total payroll during the current year was \$422,313. The current year contribution was calculated based on covered payroll of \$295,579. The resulting employer contribution during the current year was \$17,735.

Effective June, 1992 the Library reactivated a salary reduction plan covering all employees who have completed one year of service of 1,000 hours and have reached age 21.

Note 7. RISK MANAGEMENT

The Library is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Library's health insurance is with Municipal Benefit services. The Library participates in the Michigan Municipal Risk Management Authority state pool for claims relating to property loss, torts, errors and omissions and has insurance relating to workers' compensation with the Accident Fund. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal Risk Management Authority state pool operates as a common risk-sharing management program; state pool member premiums are aggregated and used to purchase excess insurance coverage, some of which is underwritten by the Authority.

Note 8. LIBRARY BUILDING

The Charter Township of Highland, County of Oakland, State of Michigan issued bonds in the amount of \$5,765,000 in a prior year. The proceeds of these bonds were used to construct a new library building which is leased to the Highland Township Public Library. The obligation to repay the bonds is that of Highland Township. The details of the lease agreement have not yet been completed.

Note 9. RECONCILIATION of FUND FINANCIAL STATEMENTS to GOVERNMENT-WIDE FINANCIAL STATEMENTS

Total fund balance and the net change in fund balance of the Library's governmental fund differs from the net assets and changes in net assets of the governmental activities reported in the statement of net assets and statement of activities. This difference primarily results from the long-term economic focus of the statement of net assets and statement of activities versus the current financial resources focus of the governmental fund balance sheet and statement of revenue, expenditures, and change in fund balance. The following are reconciliations of fund balance to net assets and the net change in fund balance to the net change in assets.

Total Fund Balance - Modified Accrual Basis	\$1,936,223
Amounts reported in the statement of net assets are different because:	

Capital assets are not financial resources, and are not reported in the funds	465,853
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Net Assets of General Fund - Full Accrual Basis	<u>\$2,402,076</u>
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Note 9. RECONCILIATION of FUND FINANCIAL STATEMENTS to GOVERNMENT-WIDE FINANCIAL STATEMENTS (Concluded)

Net Change in Fund Balances - Modified Accrual Basis \$ 76,877

Amounts reported in the statement of activities
are different because:

Capital outlays are reported as expenditures in
statement of revenue, expenditures, and changes
in fund balance, in the statement of activities,
these costs are allocated over their estimated
useful lives as depreciation:

Library books and materials	97,689
Maintenance, supplies and capital outlay	47,349
Depreciation	<u>(128,280)</u>

Change in Net Assets of General Fund -
Full Accrual Basis \$ 93,635

HIGHLAND TOWNSHIP PUBLIC LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2005

	Original Budget	Final Amended Budget	Actual Balances	Variance Favorable (Unfavorable)
Revenue				
Property taxes	\$ 868,000	868,000	894,587	26,587
State aid	17,500	17,500	18,733	1,233
Charges for services	8,000	8,000	7,869	(131)
Investment income	17,500	50,000	68,066	18,066
Contributions	6,750	6,750	9,770	3,020
Fines and forfeitures	27,500	25,000	25,619	619
Local fines	13,000	13,000	18,892	5,892
Other miscellaneous	7	1,666	1,814	148
Total Revenues	<u>958,257</u>	<u>989,916</u>	<u>1,045,350</u>	<u>55,434</u>
Expenditures				
Salaries and fringe benefits	518,180	487,640	473,970	13,670
Supplies	13,150	15,470	14,866	604
Travel	3,000	1,760	1,741	19
Library books and materials	102,410	102,410	102,403	7
Professional and contractual services	76,710	78,010	79,380	(1,370)
Training and education	3,000	700	680	20
Insurance	89,907	60,227	52,973	7,254
Utilities	62,800	62,800	62,638	162
Repairs and maintenance	13,000	50,000	49,649	351
Printing, promotion, and advertising	15,500	11,000	9,853	1,147
Technology	45,800	65,000	64,706	294
Other miscellaneous	7,700	47,399	47,307	92
Capital outlay	7,100	7,500	8,307	(807)
Total Expenditures	<u>958,257</u>	<u>989,916</u>	<u>968,473</u>	<u>21,443</u>
Excess of Revenues Over Expenditures	-	-	76,877	76,877
Fund Balance - Beginning of year	<u>1,789,920</u>	<u>1,789,920</u>	<u>1,859,346</u>	<u>69,426</u>
Fund Balance - End of year	<u>\$ 1,789,920</u>	<u>1,789,920</u>	<u>1,936,223</u>	<u>146,303</u>

HIGHLAND TOWNSHIP
PUBLIC LIBRARY

STATEMENT OF REVENUES
GENERAL FUND
For the Year Ended December 31, 2005

	<u>2005</u>
Property taxes	\$ <u>894,587</u>
Intergovernmental:	
State:	
Penal fines	25,619
State aid	<u>18,733</u>
	<u>44,352</u>
Investment income	<u>68,066</u>
Other revenue:	
Book fines	18,892
Charges for services	7,869
Contributions, donations and other	<u>11,584</u>
	<u>38,345</u>
 Total Revenues	 \$ <u><u>1,045,350</u></u>

HIGHLAND TOWNSHIP
PUBLIC LIBRARY

STATEMENT OF EXPENDITURES
GENERAL FUND
For the Year Ended December 31, 2005

General administration:	
Salaries	\$ 423,928
Fringe benefits	32,307
Pension plan	17,735
Insurance	52,973
Dues and travel	1,741
Education and training	680
	<u>529,364</u>
Books, periodicals and audiovisual:	
Books	66,905
Periodicals	17,848
Audiovisual	12,936
	<u>97,689</u>
Maintenance, supplies and capital outlay:	
Repairs and maintenance	67,892
Supplies	21,800
Equipment and furnishings	99,250
Contracted services and other	89,840
	<u>278,782</u>
Utilities:	
Public utilities	54,126
Communications	8,512
	<u>62,638</u>
Total Expenditures	\$ <u>968,473</u>